

notes at the close of 1897 to the amount of \$25,994,071. After the two items were separately stated, under the law of 1900, specie holdings on December 31st increased from \$11,773,336 for 1900 to \$12,892,235 for 1902 and \$25,119,474 for 1907. The increase in holdings of Dominion notes over the same period was from \$19,785,173 for 1900 to \$24,730,575 for 1902 and \$49,963,860 for 1907.

In spite of the elasticity of the Canadian system, it did not prove quite equal to the combined pressure of the crop movement of 1907 and the suspension of payments by the American banks. The rapid growth of the Northwest made the financing of the crop movement a serious undertaking even in the absence of any special crisis. It was the practice of the banks to make arrangements to accumulate large supplies of notes at convenient points, with Winnipeg as the chief centre, long before the actual date for the movement to begin. The farmer bringing his wheat to the grain elevator would receive a voucher called a grain ticket, specifying the weight of the grain sold and the price paid for it. These tickets were cashed both by banks and by country storekeepers from the stock of bank-notes accumulated for the purpose.<sup>1</sup> Bad crop conditions in the autumn of 1907 combined with disturbances in the United States to curtail the credits thus granted. Appeal was made by Western boards of trade and the Grain Growers' Association of Manitoba to the government for assistance. The banks at first opposed government intervention, but a plan was finally put in operation which had general approval.

The government decided to exceed the legal limit of Dominion note issues in order to place currency at the command of the farmers. The proposal at first made, that these notes should be advanced directly to the banks in the crop-moving district upon the deposit of securities, was modified so that the securities were submitted through the Bank of Montreal as intermediary. The Bank of Montreal guaranteed repayment of the advances made to the other banks.

<sup>1</sup> Trigge, "How Canada Provides Currency for Moving the Crops/\* in *New York Bankers' Magazine*, June, 1906, LXXII., 838.